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FISCAL IMPACT STATEMENT

LS 7101

BILL NUMBER: HB 1280

NOTE PREPARED: Jan 10, 2010

BILL AMENDED:

SUBJECT: LIFE Scholarships.

FIRST AUTHOR: Rep. Klinker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Lifelong Learning Incentive for Excellence (LIFE) Scholarship Program to provide scholarships to Indiana residents for postsecondary education. It provides for administration of the program by the State Student Assistance Commission. The bill sets forth the amount of a scholarship award, subject to appropriations of the General Assembly. It also provides eligibility criteria for potential recipients.

The bill establishes the LIFE Scholarship Fund consisting of Slot Machine Wagering Taxes collected after June 30, 2010, and Riverboat Admissions Taxes that would have otherwise been deposited into the state General Fund as slot machine revenue to replace the Admissions Tax subsidy for horse racing. It also makes an appropriation.

Effective Date: July 1, 2010.

Explanation of State Expenditures: The bill establishes the LIFE Scholarship Program for college freshmen and sophomore students. To be eligible for the freshman grant, a student must be a graduate from a public or accredited nonpublic school or must have received an Indiana General Education Development (GED) diploma. The bill also allows a student to retroactively qualify for the scholarship if the student has a 3.0 cumulative grade point average at the end of his or her freshman year and the student did not graduate from a public school or accredited nonpublic school or receive a GED.

Subject to the amount appropriated by the General Assembly, the amount of the scholarship is equal to the student's actual tuition plus mandatory fees. The impact would depend on the number of students going to college, the tuition and required fees, and other financial aid the students might be eligible to receive.

Assuming that about 77,500 students graduate each year, 65% go to college, an average tuition in 2010-2011 of about \$8,000, and that other scholarships would provide about 25% of the tuition cost, the maximum impact would be about \$302 M the first year and \$604 M the second year. The scholarship amount is subject to the amount appropriated by the General Assembly for LIFE scholarships.

The bill annually appropriates money from the LIFE Scholarship Fund for the scholarships. The LIFE Scholarship Fund consists of revenue from the Riverboat Admission Tax and the Slot Machine Wagering Tax (see *Explanation of State Revenues*).

Explanation of State Revenues: Summary: The bill earmarks revenue for the LIFE Scholarship Fund established by the bill that would otherwise be distributed to the state General Fund. The revenue distributions would be from the Riverboat Admission Tax and the State Slot Machine Wagering Tax, both of which are currently distributed to the state General Fund. The distributions would be earmarked for the LIFE Scholarship Fund beginning in FY 2011. Therefore, revenue to the state General Fund would be reduced by the estimated distributions from each tax reported in the table beginning in FY 2011. These estimates are based on the Revenue Technical Committee Forecast (December 15, 2009).

Source	FY 2011	FY 2012
Riverboat Admission Tax	\$16.7 M	\$16.7 M
Slot Machine Wagering Tax	\$122.1 M	\$127.2 M
Total	\$138.8 M	\$143.9 M

Background Information: Current statute distributes \$0.65 of the Riverboat Admission Tax to the state General Fund. This revenue formerly was distributed to subsidize horse racing but has been replaced by the 15% set-aside of slot machine adjusted gross receipts (AGR) generated at the racinos. In FY 2009, this distribution totaled \$12.8 M (a partial-year distribution) and is forecast to total about \$16.4 M in FY 2010.

The state Slot Machine Wagering Tax is the graduated tax on AGR from gaming on slot machines at the state's two racinos. Revenue from the tax is distributed to the state General Fund. The tax generated \$107.7 M in FY 2009 and is forecast to generate \$117.2 M in FY 2010. The rate structure of the tax is summarized in the table below.

Taxable AGR Increment Earned July 1 st to June 30 th	Tax Rate on AGR Increment
\$100 M and under	25%
Over \$100 M up to \$200 M	30%
Over \$200 M	35%

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Student Assistance Commission; Colleges and universities.

Local Agencies Affected:

Information Sources:

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